



# COUNTY OF SAN LUIS OBISPO

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JAMES P. ERB, CPA

Auditor-Controller

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Assistant

May 11, 2015

Edward Durkee, President and CEO  
Goodwill Industries of Santa Cruz, Monterey and SLO Counties  
Workforce Investment Act Services  
350 Encinal St.  
Santa Cruz, CA 95060

RE: WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2014-2015

Dear Mr. Durkee:

This report is to inform you of the results of our monitoring review of Goodwill Industries of Santa Cruz, Monterey and San Luis Obispo Counties (Goodwill Industries) Workforce Investment Act Services grant financial management and procurement systems for program year 2014-2015.

For the fiscal portion of this review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal controls, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring, single audit and audit resolution policies and procedures, and written internal management procedures.

For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses and contract terms and agreements.

Our review was conducted under the authority of Section 667.410 (b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Goodwill Industries with applicable federal and state laws, regulations, policies, and directives related to the Workforce Investment Act (WIA) grant regarding financial management and procurement for program year 2014-2015.

We collected the information for this report through interviews with representatives of Goodwill Industries, a review of applicable policies and procedures, and a review of documentation retained by Goodwill Industries for a sample of reimbursement claims, expenditures and procurements for program year 2014-2015.

Our review resulted in one finding and one suggested improvement. Please submit Goodwill's response to the finding within ten business days.

### BACKGROUND

Goodwill Industries was awarded WIA funds from the County of San Luis Obispo in the amount of \$1,399,046 to provide America's Job Center of California one-stop operator services, adult and dislocated worker services, and youth services for program year 2014-2015. Goodwill Industries subcontracted the youth services portion of the contract to Cuesta College.

### FISCAL REVIEW RESULTS

We determined overall, Goodwill Industries is meeting applicable WIA requirements concerning financial management for program year 2014-2015. During our review we made one suggested improvement for an issue which did not rise to the level of non-compliance: we noted during our review some routine monthly bills are not marked or initialed by a supervisor as reviewed and approved to be paid. Best business practices include supervisors documenting their review and approval of bills to be paid.

### PROCUREMENT REVIEW RESULTS

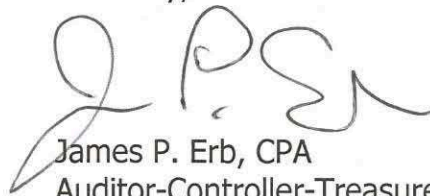
We determined overall Goodwill Industries is meeting applicable WIA requirements concerning the procurement systems for program year 2014-2015. During our review we made one suggested improvement for an issue which did not rise to the level of non-compliance: Goodwill staff stated that all procurement guidelines were followed; however for our sample of Single Source purchases, written documentation was not kept in the file due to an oversight. Staff must include written documentation of the rationale for selecting the noncompetitive proposal/sole source method of procurement.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is Goodwill Industries' responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, remain Goodwill Industries' responsibility.

We would like to thank Goodwill Industries of Santa Cruz, Monterey and San Luis Obispo Counties and your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted,

please contact Suzanne DeWitt, Auditor-Analyst at (805) 781-4846 or Diane Leenders, Auditor-Analyst at (805) 781-5099.

Sincerely,

A handwritten signature in black ink, appearing to read 'J P Erb', with a stylized flourish at the end.

James P. Erb, CPA  
Auditor-Controller-Treasurer-Tax Collector

Cc: Dawn Boulanger, Department of Social Services Program Manager  
Reva Bear, Department of Social Services Program Manager  
Gladys Kintz, Department of Social Services Fiscal Manager  
Nick Andrews, Director of Finance  
Derek Scranton, Finance Staff Accountant, Shoreline Workforce Development Services  
Kathy Marcove, Vice President